RSA 10 D-D
9/08
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REQUEST FOR DROP DISTRIBUTION AND ROLLOVER ELECTION

Retirement Systems of Alabama
P. O. Box 302150 ♦ Montgomery, AL 36130-2150
334-517-7000 or 877-517-0020
www.rsa-al.gov

Check One:
☐ ERS
☐ TRS

Please type or print using black ink.

PART I MEMBER INFORMATION

Name: ______________________________________ **Social Security No.:** ________-________-________
First Middle Last

Address: ______________________________________ **Home Phone Number:** (________) ____________________
Street Address or P. O. Box

____
City State Country Zip

PART II DISTRIBUTION OPTION (Please read the enclosed special tax notice before completing the remainder of this form.)

Select only one of the following:

☐ **Lump Sum Payment:** I elect to receive (at the above address) full distribution of my DROP account, less the 20% Federal Income Tax withholding required. Sign and have your signature notarized. Submit the form to the RSA at the address above. **Do not complete Part III.**

☐ I elect to have the **entire DROP account balance rolled over** into an eligible retirement account listed under Part III.

☐ I elect to have __________% of the taxable funds rolled over to an eligible retirement account listed under Part III. The remaining taxable funds will be paid to me less the required 20% Federal Income Tax Withholding. Any non-taxable funds will be paid directly to me with no federal withholding.

List the eligible retirement plan you have elected to have your funds rolled into:

☐ **RSA-1** or ☐ **Other:** ____________________________

Note: If you have all or a portion of your DROP account rolled over into an eligible retirement account, you must sign and have your signature notarized before sending this form to your Trustee to complete Part III.

I certify that I have received the printed explanation entitled Special Tax Notice Regarding Plan Payments prior to signing this certification and waive the requirement of 30 days notice by checking one of the boxes above and affirmatively elect to make or not make a rollover.

Signature of Member: ______________________________________ **Date:** ____________________

STATE OF ____________________________, **COUNTY OF** __________________________

Before me, the undersigned authority, a Notary Public in and for said County and State, on this date personally appeared the applicant for refund, known to me to be the person whose name is subscribed to the foregoing instrument, and declared to me upon oath that the foregoing instrument is true and correct.

Given under my hand and seal of office this the __________ day of __________________________, 20____.

Notary Signature: ______________________________________

(Seal)

My Commission Expires: ______________________________________

PART III TRUSTEE INFORMATION is on the reverse side of this form.

PART III TRUSTEE INFORMATION (To be completed by Trustee receiving the rollover)

Member Name: ______________________________ Social Security No.: ______ - ______ - ______
First Middle Last

Trustee Name: ______________________________ Account Number: ______________

Contact Person: ______________________________ Phone No.: (______) ______________

Address: ____
Street Address or P. O. Box City State Zip

☐ Plan accepts non-taxable funds.
☐ Plan does not accept non-taxable funds.

Type of account into which money will be rolled over:

☐ 401 Qualified Retirement Plan ☐ 403(a) Annuity Contracts ☐ 403(b) Tax Sheltered Annuity
☐ 408(a) Individual Retirement Account ☐ 408(b) Individual Retirement Annuity ☐ Governmental Deferred Compensation Plans (IRC 457)

A Roth IRA and Education IRA are not eligible plans.

Signature of Trustee Official______________________________ Date: ______________

Please submit the completed form to the RSA at the address on the front of this form.

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DEFERRED RETIREMENT OPTION PLAN (DROP)
PARTICIPATION PERIOD COMPLETED
REQUEST FOR DROP TERMINATION

Employees' Retirement System of Alabama
P. O. Box 302150 ♦ Montgomery, AL 36130-2150
334-517-7000 or 877-517-0020
www.rsa-al.gov

Name: ______________________________ **Social Security No.:** _______-______-_______
First Middle Last

Address: ______________________________
Street or P. O. Box City State Zip Code

Employing Agency: ______________________ **Phone Number:** (_________)______________

Requested Effective Date of DROP Termination: ______________ **Date of Birth:** ____/____/____
(Must be last day of month)

Please complete the Withholding Certificate for Pension or Annuity Payments section, conversion of sick leave to service credit (if applicable), the SEIB Insurance Authorization (State Only), the Direct Deposit Authorization, and have your employer complete the Employer Certification section of this form.

I. Withholding Certificate for Pension or Annuity Payments

Complete the following applicable lines:

1. I elect **not** to have income tax withheld from my pension or annuity. (Do not complete lines 2 or 3.)………… ➢ ☐
2. I want my withholding from each **periodic** pension or annuity payment to be figured using the number of allowances and marital status shown. (You may also designate an amount on line 3.)…………………… ➢ __________ (Enter number of allowances)

   Marital Status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate
3. I want the following additional amount withheld from each pension or annuity payment.
   Note: For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2……………………………………………………………………………… ➢ $________

II. Conversion of Sick Leave to Service Credit:

Complete only if employing agency allows conversion of sick leave days to retirement credit.

☐ I wish to have accrued unused sick leave days converted to retirement service credit.

☐ I wish to receive a lump-sum payment for my unused sick leave in lieu of retirement service credit.

III. Signature of Applicant: ______________________________

Notarization: STATE OF ALABAMA, COUNTY OF ____________________. On this ______day of ______________, 20_____, personally appeared before me, the above-named ______________________________ and made oath that the statements made are true.

Signature of Notary Public ______________________________

My Commission Expires ______________________________

IV. Employer Certification

1. Date on which service of applicant will terminate ____________________
2. Closing date of last payroll of applicant ____________________
3. Accrued Sick Leave Certification: *Sick leave may only be certified if the employee will **not** be paid for any sick leave.*

   Total accrued unused sick leave days at the end of DROP participation period ________________
4. Signature of Authorized Official ______________________________ Date ______________

   Employing Institution ______________________________

   Employer Phone Number (________)____________________

Please complete the Insurance Authorization on the reverse side of this form (state employees only).

ERS Office Use Only:	Years of Service: __________	Months of Service: __________	Effective Date of Retirement: _____________
	Type of Retirement: ☐ Service ☐ Disability	DROP Participant: ☐ Yes ☐ No	

EMPLOYEES' RETIREMENT SYSTEM INSURANCE AUTHORIZATION FORM

This form **must** be signed before returning it to the ERS

I. Member Information:

Member Name ______________________________ Birth Date ____/____/____
First Middle Initial Last Mo. Day Year

Social Security No. ______-______-______ Telephone Number (______)______________

Home Address ____
Mailing Address City State Zip Code

II. I wish to continue my insurance coverage under the health care plan, *in which I am currently enrolled as indicated below,* and authorize monthly premium deductions from my retirement check until otherwise notified by me, or, in case of death, my beneficiary or other proper authority.

☐ State Employees' Health Insurance Plan (Blue Cross Blue Shield)

☐ Other Health Insurance: (Specify Insurance Plan Name) ________________________________

III. I wish to continue my dependent health insurance coverage for the individuals listed below: ☐ Yes ☐ No

Last Name	First Name	Middle Name	Birth Date	Sex	Relationship to Member

IV. I wish to discontinue Health Insurance Coverage. ☐ Yes ☐ No

V. I authorize the Employees' Retirement System to deduct $______________ from my monthly benefit payment and transmit the amount deducted to the following credit union:

☐ Alabama State Employees' Credit Union
☐ Alabama Mental Health Credit Union
☐ Industrial Relations Credit Union

VI. Authorized Miscellaneous Insurance Deductions:

Name of Company	Policy Number	Monthly Premium

VII. Member's Signature ____ **Date** ______________

VIII. Employer Certification

I hereby certify that the above miscellaneous insurance premiums are being deducted from salary warrants issued to the above referenced individual.

Signature of Payroll Clerk ____ Date ______________

If you have any questions, please contact the State Employees' Insurance Board (SEIB) at 800-513-1384.

Special Tax Notice Regarding Plan Payments

Retirement Systems of Alabama

Retirement Systems of Alabama
P. O. Box 302150
Montgomery, Alabama 36130-2150
334-517-7000 or 877-517-0020
www.rsa-al.gov

Issued 09/08

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

RETIREMENT SYSTEMS OF ALABAMA

This notice explains how to continue deferring federal income tax on your retirement savings in the Retirement Systems of Alabama (RSA) and contains important information you will need before you decide how to receive your RSA benefits.

This notice is provided to you by the RSA because all or part of the payment that you will soon receive from the RSA may be eligible for rollover by you or the RSA to a traditional IRA or an eligible employer plan. A rollover is a payment by you or the RSA of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a Simple IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An eligible *employer plan* includes a plan qualified under Section 401(a) of the Internal Revenue Code, including a 401(k) Plan, Profit-sharing Plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) Annuity Plan; a Section 403(b) Tax-sheltered Annuity; and an eligible Section 457(b) Plan maintained by a governmental employer (governmental 457 Plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distributions includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or to split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from the RSA. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact the RSA at 334-517-7000 or 877-517-0020.

SUMMARY

There are two ways you may be able to receive a plan payment that is eligible for rollover:

(1) *DIRECT ROLLOVER*: Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit, or
(2) The payment can be *PAID TO YOU*.

If you choose a *DIRECT ROLLOVER*:

- Your payment will not be taxed in the current year, and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs.
- Your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this plan.

If you choose to have a Plan payment that is eligible for rollover *PAID TO YOU*:

- You will receive only 80% of the taxable amount of the payment, because the RSA is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 591/2, you may have to pay an additional 10%.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

YOUR RIGHT TO WAIVE THE 30-DAY NOTICE PERIOD: Generally, neither a direct rollover nor a payment can be made from the RSA until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the RSA.

MORE INFORMATION

I.
PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the RSA may be *eligible rollover distributions*. This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from the RSA cannot be rolled over to a Roth IRA, a Simple IRA or a Coverdell Education Savings Account. Your Plan Administrator should be able to tell you whether your payment is an eligible rollover distribution.

AFTER-TAX CONTRIBUTIONS: If you made after-tax contributions to the RSA, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions.

The following rules apply:

a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. The RSA should be able to tell how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts cannot later be rolled over to an employer plan.

b) Rollover into an Employer Plan. You can roll over after-tax contributions from an employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting from amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to your first. You must instruct the RSA to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

THE FOLLOWING PAYMENTS CANNOT BE ROLLED OVER:

PAYMENTS SPREAD OVER LONG PERIODS: You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or

- a period of 10 years or more.

CORRECTIVE DISTRIBUTIONS: A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

The RSA should be able to tell you if your payment includes amounts which cannot be rolled over.

II.
DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your RSA benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your RSA benefits for which you choose a DIRECT ROLLOVER. The Plan might not let you choose a DIRECT ROLLOVER if your distributions for the year are less than $200.

<u>DIRECT ROLLOVER TO A TRADITIONAL IRA</u>: You can open a traditional IRA to receive the DIRECT ROLLOVER. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a DIRECT ROLLOVER to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. ✷ See *IRS Publication 590*, <u>Individual Retirement Arrangements</u>, for more information on traditional IRAs including limits on how often you can roll over between IRAs.

<u>DIRECT ROLLOVER TO A PLAN:</u> If you are employed by a new employer that has an eligible employer plan, and you want a DIRECT ROLLOVER to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the Plan Administrator of that plan before making your decision.

<u>CHANGE IN TAX TREATMENT RESULTING FROM A DIRECT ROLLOVER:</u> The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from RSA. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a Direct Rollover, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax if you are under age 591/2" and "Special Tax Treatment if you were Born before January 1, 1936.

III.
PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I. above) and the payment is made to you in cash, it is subject to a 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding

<u>MANDATORY WITHHOLDING</u>: If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. *For example*, if you can roll over a taxable payment of $10,000, only $8,000 will be paid to you because the Plan must withhold $2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see <u>SIXTY-DAY ROLLOVER OPTION</u> below) you must report the full

$10,000 as a taxable payment from the Plan. You must report the $2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than $200.

VOLUNTARY WITHHOLDING: If any portion of your payment is taxable but cannot be rolled over under Part I. above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the RSA for the election form and related information.

SIXTY-DAY ROLLOVER OPTION: If you receive a payment that can be rolled over under Part I. above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, *you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment*. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I. above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

> *Example*: The taxable portion of your payment that can be rolled over under Part I. above is $10,000, and you choose to have it paid to you. You will receive $8,000, and $2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the $8,000, you may roll over the entire $10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the $8,000 you received from the Plan, and you will have to find $2,000 from other sources (your savings, a loan, etc.). In this case, the entire $10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire $10,000, when you file your income tax return you may get a refund of part or all of the $2,000 withheld.
>
> If, on the other hand, you roll over only $8,000, the $2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the $2,000 withheld. (However, any refund is likely to be larger if you roll over the entire $10,000.)

ADDITIONAL 10% TAX IF YOU ARE UNDER AGE 59½: If you receive a payment before you reach age 59 ½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax generally does not apply to (1) payments that are paid as equal (or almost equal) over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (2) payments that are paid from an eligible employer plan after you separate from service with your employer during or after the year you reach age 55, (3) payments that are paid because you retire due to disability, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that do not exceed the amount of your deductible medical expenses. These exceptions may be different for distributions from a traditional IRA. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax does not apply to distributions from RSA-1 or any other governmental 457 Plan, except to the extent the distribution is attributable to an amount you rolled over to the governmental 457 Plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from RSA-1 to another type of eligible employer plan or to a traditional IRA will be subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless an exception applies.

SPECIAL TAX TREATMENT IF YOU WERE BORN BEFORE JANUARY 1, 1936: If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59 ½ or because you have separated from service with your employer. For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

TEN-YEAR AVERAGING: If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

CAPITAL GAIN TREATMENT: If you receive a lump sum distribution and you were born before January 1, 1936, and you were a participant in the RSA before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the RSA taxed as long-term capital gain at a rate of 20%.
There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into the RSA from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, of from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from the RSA (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the RSA. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b) tax0sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

IV.
SURVIVING SPOUSES AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to beneficiaries of employees.

If you are a surviving spouse, you may choose to have a payment that can be rolled over, as described in Part I. above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse, you may have the payment paid to you, or you may choose a DIRECT ROLLOVER, but only to an Individual Retirement Account or Individual Retirement Annuity established for that purpose. The IRA must be established in a manner that identifies it as an IRA with respect to a deceased individual and also identifies the deceased individual and the beneficiary.

If you elect to have the payment paid to you, you may elect not to have tax withholding applied to that portion. If you do nothing, the RSA will automatically withhold 10% federal income tax withholding. To elect out of withholding, indicate in writing to the RSA.

If you are a surviving spouse or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

If you are a surviving spouse or another beneficiary, you may be able to use the special tax treatment for lump sum distributions. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the RSA.

How To Obtain Additional Information

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the RSA or a professional tax advisor before you take a payment of your benefits from the RSA. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in *IRS Publication 575*, Pension and Annuity Income, and *IRS Publication 590*, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at *www.irs.gov*, or by calling 1-800-TAX-FORMS.